

**UNITED STATES ATTORNEY'S OFFICE
District of Oregon**

PRESS ROOM



02/25/2007

**Head of Oregon Based Internet Investment Scheme Sentenced to
Six Years in Federal Prison**

*1,500 Victims Throughout the U.S. and Canada - Loss Exceeds \$8
Million*

Eugene, Ore. - A Florida man was sentenced today in federal court for convictions relating to his role as the head of an investment fraud business which took in approximately \$13 million from more than 1,500 victims throughout the United States and Canada. Frank Hendricks, 47, of Shalimar, Florida, pleaded guilty in Eugene, Oregon in October 2006 to Conspiracy to Commit Mail and Wire Fraud, Wire Fraud, and Failing to File a U.S. Income Tax Return for 2003.

Karin J. Immergut, United States Attorney for the District of Oregon, stated that Hendricks admitted in October 2006 that he and another individual formed Pacific Achievements International (PAI), headquartered in Corvallis, Oregon, with an office in Fort Walton Beach, Florida, in approximately August 2002, and used PAI to solicit investment funds through false statements and promises, primarily through the internet. Hendricks falsely represented to investors that PAI would be a network marketing business and promised investors that if they invested with PAI, they would be sent a fast-start bonus and significant profits. Based upon these false promises and representations, investors transferred more than \$13 million into PAI bank accounts in Oregon, Washington and Florida, which were controlled by Hendricks and another individual.

Hendricks and other PAI promoters used the internet to promote their scheme. Once individuals indicated an interest, Hendricks and others sent potential PAI investors an agreement promising that for every \$5,859 invested, PAI would return \$9,720 within one to three weeks, and that they could earn more than \$1 million dollars per month thereafter. Hendricks and others promoting PAI used new investment funds to pay off some of the earlier investors, making it appear that PAI was successful. This caused new investors to sign up with PAI.

Hendricks and another PAI promoter diverted more than \$2 million in PAI money to fund their personal lives, including using \$1.6 million for the purchase of personal residences in Florida and Washington. In February and March of 2004, the FBI obtained warrants and seized two residences in Shalimar, Florida, purchased by Hendricks, and two residences in Gig Harbor, Washington, purchased by another PAI promoter.

Knowing that PAI was not generating any income, Hendricks and another PAI promoter tried to recover funds by unsuccessfully investing PAI money in high-yield investment scams in Beirut, Lebanon, the

Bahamas, Nevada and Texas. They lost \$2.7 million in PAI money in these other scams.

With respect to the income tax charge, Hendricks, who was a Florida resident at the time, earned approximately \$778,000 in gross income during 2003. However, he deliberately failed to file a personal income tax return with the IRS, as required by law. The tax loss is between \$80,000 and \$200,000.

United States District Court Judge Michael Hogan presided over Hendricks' guilty pleas and ordered that Hendricks serve 72 months in federal prison and pay \$8,785,374 to the victims of his scheme.

The Federal Bureau of Investigation, the Internal Revenue Service - Criminal Investigation Division, and the State of Oregon, Division of Finance and Corporate Securities, who frequently combine forces to combat white collar fraud, jointly investigated this case.

The public is warned to be extremely cautious before investing in non-traditional lending and investment opportunities that involve terms like "high yield investment plans," "bank guarantees," "debentures," or "traunches." Websites such as www.fbi.gov, www.ic3.gov, and www.fraudaid.com are available to help educate individuals on investment and advance fee schemes.

The case was prosecuted by Assistant United States Attorney Christopher Cardani in Eugene, Oregon, (541) 465-6839.